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SUBJECT: ENERGY SECRETARY BODMAN PRESS CONFERENCE AT TURKMENISTAN  
INTERNATIONAL OIL AND GAS EXHIBITION

11. (U) On November 15, Energy Secretary Bodman held a press conference at the Turkmenistan International Oil and Gas Exhibition. The following is the transcript of the press conference:

BEGIN TEXT:

Secretary Bodman: Hello everyone. I'm Sam Bodman, the United States

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Secretary of Energy. I am very glad we have the opportunity to

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speak to you today. Earlier I had a very good meeting with the president of Turkmenistan. And I told him that his decision to open Turkmenistan to western investment in my judgment is a prudent idea.

I believe it will be a great assistance in the development of Turkmenistan's oil and gas reserves, as well as in the (inaudible) of a pipeline. Our Department has already offered assistance and technical expertise and I offered to continue that during the balance of this year. We also talked about legal and regulatory structures that would be helpful in my judgment in stimulating new investment. Ultimately these are extraordinarily vast natural resources that belong to the Turkmeni people. And the president will have to determine what is best for the country and its people. He has said that he is interested in forming a long term partnerships and I told him that my country feels much the same way.

Today's meeting which lasted quite a long time, better part of an hour, I believe has given us a good basis for moving forward with further discussions. And now if there are any questions, I would be happy to try to answer them.

Question 1 -- (in English) Michael Ritchie from Energy Intelligence.

Thanks very much. I wonder if you could elaborate on you said "good basis for really moving forward," in which direction?

Secretary Bodman: Well we've had a program in place that, I should

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first I guess should wait for the translation of the question... forgive me... [waits for translation of question into Russian] We have had in place an educational program for members of the government, for members of the regulatory bodies of this government with the idea of acquainting them with how we do business in United States and we've had a visitation of a significant delegation. There are a number of questions that come up as to why we do things in our country the way we do, the way we do them and why they might differ from a new and evolving economy in Turkmenistan. So when I say "continuation," it's a continuation of that sort of education and that kind of discussion.

Question 2 -- (in English) John Roberts with Platts. Did you discuss Turkmenistan's investment requirements? What kind of tickers they thought they might be, you or they thought might be necessary to move the country along in terms of organizing energy industry?

Secretary Bodman: We didn't really talk -- oh, forgive me, allow

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you to... [waits for translation] We didn't really talk about amounts of investment it was more philosophy, the advantages of how one, for example, might export oil and gas from this country -- it was that sort of thing. And to get his views of that subject.

Question 3 -- (in English, Lucian Kim, Bloomberg): Two part question from Bloomberg News. First question is what is the timing of your visit? Can we expect maybe some breakthrough for a U.S. company? For example, Chevron has expressed a great interest. The second question is a follow-up on what you've just said about your discussions about philosophy of how to export oil and gas. What is the president's opinion of projects favored by the U.S. such as the Trans-Caspian?

Secretary Bodman: First with respect to timing and there is no

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particular significance. There was an opportunity to come at this particular point of time that tied in with the world energy conference that's being held in Rome and there were number of other

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things; we're going to be opening the Turkey-Greek inter-connector, the pipeline, and that is scheduled for this weekend and so there were number of things that lead to the timing, but it was not tied to any particular announcement. There are clearly a lot of opportunities that have been talked about in this country. But with respect to the timing there is none that's in particular. With respect to specific projects we did talk a bit about the Trans-Caspian pipeline that potentially might lead to the export of gas. But it was strictly my, it was more of a discussion from my stand point giving my analysis of what the opportunities might be and the President expressed interest in my thoughts but didn't make any commitments.

Question 4 -- (in Russian, Igor Sasin, Agence France Presse, in Russian) So my question is from Agence France Presse. What types of steps are necessary for Turkmenistan in order to first of all attract investment and at the same time what are some of the things that they need in conditions? Do they need to do, realize so that large western companies would be attracted to come to Turkmenistan on a long term basis.

Secretary Bodman: We are of the view - I'm of the view that first

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and foremost we need to have transparent markets - that is to say we need to know why decisions are made the way they are, we need to have open discussion of particular projects. And they need to be clear and that's really the issue. And I expressed my views with respect to that question with the president.

Question 5 -- (in Russian) Oleg Lukin. Oil and Gas Vertical Oil and Gas Journal. I would like to know the opinion of the US side about the possibility of participation of Russian companies in the construction of the Transcaspian pipeline and export of the Turkmen gas by the Russian companies through this pipeline.

Secretary Bodman: Oh, first of all, I have no knowledge of any

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particular pipeline that is currently in the works. Having said that the President has said that this country will be operated on the basis of the fair treatment of everybody, whether it's Russia, whether it's Azerbaijan, whether it's Kazakhstan, whether it's the United States, and I take him at his word, and I believe that this is the way the business will be done.

Question 6 -- Information Agency Turkmen Press Leyla Durdiyeva. What are the perspectives for the development of the Turkmen-American cooperation in the energy sector, and in your opinion, what favorable terms can influence that cooperation?

Secretary Bodman: Well, the cooperation obviously is a product of

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the fact that this is a country with enormously attractive natural resources. And having said that, each country, there are a number of countries that are appearing here, in Turkmenistan, just witness the number of companies that are located here, that are exhibiting at the at this convention. We've had very..... Speaking for the United States, we've had very good interactions. As I said I did write the President soon after his inauguration and asked if he would be interested in sending a delegation to the United States and I heard back from him that he would have such an interest. And as I said, we did complete the first portion of that program, describing what we do and how we do it, and the remainder of the program, which is spread out over the balance of the next 12 months or so has been articulated. I think it is important for the people of this country to understand that it takes years to develop an approach to the development and the production of natural resources, so that the citizenry are satisfied that they are being fairly treated. Your President is relatively early in his term of office and the country has undergone an enormous amount of change in a relatively short period of time, and I think it is a kind of a time for all of us to take stock and to make a judgment as to what we can do to further the kind of progress that has been made in the past.

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Question 7 -- (in Russian) Anna Kurbanova. Itar Tass Russian Information Agency. The United States generally has a notorious experience in Turkmen Oil projects. If we remember Unical, they were not able to complete the Trans Afghan pipeline project, and PSG did not complete the Trans-Caspian pipeline project. What will be the U.S. reaction to a Trans-Iranian route for the export of the Turkmen gas to Nabucco?

Secretary Bodman: We believe that Iran is trying to develop nuclear

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weapons. And we are doing everything we know how to do to bring Iran to the table such that they would cease the development that they started. And we don't run the world, we are a participant in the governance of the world along with other countries and if such a pipeline is built, we will be unhappy.

Secretary Bodman's staff member: Last question.

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Question 8 -- (in Russian, Marat Gurt - Reuters Agency). Would you say that the uncertainty of the Caspian Sea legal status will prevent the completion of the Trans-Caspian pipeline project because earlier when the project was planned Russia and Iran, that share the coasts of the Caspian, were against it?

Secretary Bodman: We are of the view that.... I am personally of the

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view....Let me start over, I am personally of the view, that having a diversity of sources of energy and within each type of energy having a diversity of suppliers of energy is very important to the future of all countries of the world with respect to their energy security. I believe that it's important for the future of all countries that a Trans-Caspian pipeline be constructed, and it would advantageous, not necessary, but advantageous to have Turkmen gas as an important contributor to the flow of gas through this pipeline. It is, I believe, important for the future of all countries, including my own, that there be free markets, that there be a determination of the use of fuel for the sake of energy and not for political purposes. And in my opinion, my personal opinion, it is time to diversify the source of energy for Europe. This is nothing against Russia. The Russians are acting in a perfectly rational way. Rather, I think this is for the benefit particularly for those countries in Eastern and Central Europe.

Question 9 -- (in Russian, Reuters follow up) What about the legal status of the Caspian Sea?

Secretary Bodman: The... Our country has not tried to interfere in

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the affairs of other countries. Having had people that have looked at the question, we have concluded and have expressed the opinion to the members, the five countries located on the Caspian, that all you need are two countries, as long as you are connecting one country with another. That's what you need to accomplish the results. That's what has been done in the North Caspian where Turkmenistan was not consulted in that. That was something that was handled in there. Thank you very much.

END TEXT.

12. (U) Secretary Bodman did not have an opportunity to clear this cable.

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